

### ***What is the Neighborhood Assistance Program?***

The Neighborhood Assistance Program (NAP) was created by the 1981 General Assembly to encourage businesses, trusts and individuals to make donations to approved 501(c)(3) organizations for the benefit of low-income persons. The program has \$16 million in tax credits where \$7.5 million is allocated for DSS, to administer for General Human Services and \$8.5 million is allocated for DOE to administer for Education Organizations.

### ***How does the Neighborhood Assistance Program work?***

Eligible 501(c) (3) non-profit organizations receive an allocation of tax credits on a basis of proven operational success and their capacity to serve a low-income person or an eligible student with a disability. Each organization is approved for a 12-month period (July 1 - June 30) and must re-apply each year to participate. The application period will start no later than March 15 of each year. All applications must be received by the Department of Social Services no later than the first business day of May. Applications are available on the website under "Announcements" during the application period and by email request.

### ***Who qualifies for a Neighborhood Assistance Program (NAP) tax credit?***

Individuals, Businesses, Trusts, Health Care Providers, Pharmacists and Mediators who make a qualifying donation to a NAP approved non-profit organization.

### ***What are the tax credit requirements for an individual donation?***

Neighborhood Assistance Program (NAP) State tax credits may be available to an individual making a donation of cash or marketable securities directly to an approved NAP non-profit organization. The minimum donation by an individual must be at least \$500. The value of the tax credit is equal to 65% of the donation.

*Example: \$500 cash donation X 65% = \$325 tax credit to be used on the Virginia State Income Tax Return*

***What are the tax credit requirements for a Business/Trust donation?***

Neighborhood Assistance Program (NAP) State tax credits may be available to any business entity authorized to do business in the Commonwealth of Virginia, to a licensed health care professional donating services to an approved NAP non-profit organization with a health care clinic, to a licensed pharmacist providing services to a 501(c) (3) clinic referred by an approved NAP organization, to a mediator certified pursuant to guidelines promulgated by the Judicial Council of Virginia who provides services at the direction of an approved organization that provides court referred medication services regardless of where the services are delivered; or to any trust or fiduciary for a trust subject to tax imposed by Article 6 (§ 58.1-360 et seq.) of Chapter 3 of the Code of Virginia. Tax credits may be available to a business making a donation of at least \$616. The value of the tax credit is equal to 65% of the donation.

*Example: \$616 donation X 65% = \$400 tax credit to be used on the Virginia State Income Tax Return*

***What types of donations can a business make in order to receive a tax credit?***

- Cash
- Merchandise
- Rent/Lease Facility
- Professional Services
- Pharmaceutical Services
- Stock
- Real Estate
- Contracting Services
- Health Care Services
- Mediation Services

***How do I know if my donation qualifies for a NAP tax credit?***

Please consult with the NAP approved organization in which you want to donate to determine the availability of NAP tax credits. You must also meet the minimum tax credit donation amounts. The donation must be made directly to the organization with no strings attached and without any conditions or expectations of monetary or other benefits. Discounted property, partial donations or bargain sales are not allowable for NAP donations.

***I gave my donation through the United Way, how do I get tax credits?***

A third party donation, such as a designation through another non-profit like United Way, Just Give, or the Commonwealth of Virginia Campaign (CVC) etc. is not eligible for NAP tax credits.

***How do I know if I need a tax credit for my Virginia State Income Tax return?***

Determining the effect of making a donation for tax credits on a donor's tax liability is the sole responsibility of the donor. Before making a donation, or when tax-related questions occur, donors are encouraged to seek advice from their tax accountant or other tax advisor.

***How do I apply for a tax credit?***

Contact the non-profit organization in which you would like to make your donation to determine your eligibility, fill out the appropriate Contribution Notification Form (CNF) and return it back to the organization. The NAP approved organization will forward the CNF to DSS to have your tax certificate issued.

***I have misplaced or I have not received my tax credit certificate, what do I do?***

Contact the non-profit organization in which you made your donation to ensure the CNF has been sent to DSS to have your tax certificate issued. Requests for duplicate certificates must be sent by the donor to NAP staff via fax to (804) 726-7946 or by email to [nap@dss.virginia.gov](mailto:nap@dss.virginia.gov).

The request should include the donor's name, donor's address, organization's name, date of donation and amount of donation. Processing time for duplicate certificates is 5-7 business days and will be sent by mail.

***Is there a maximum to how much tax credits I may receive?***

The maximum amount of tax credit for an individual is \$81,250, which equals \$125,000 donation value. Currently, there is no maximum tax credit limit for a business or trust.

***How do I report my NAP credits on the Income Tax Returns?***

Tax Credits are reported on Schedule CR filed with the Virginia Department of Taxation (TAX). The form can be found on the TAX website. Please refer all tax related questions to TAX at (804) 367-8031 or use live chat at [www.tax.virginia.gov](http://www.tax.virginia.gov).

***What happens if my tax credits are more than my tax liability?***

Tax credits are non-refundable; however, Neighborhood Assistance Tax Credits that exceed the donor's total Virginia State tax liability may be carried forward for up to five years. The tax credit for the

current year is utilized first prior to using the credit that has been carried forward from a preceding taxable year. Please contact the Department of Taxation for additional assistance.

***How do I find out about approved organizations administered through the Department of Education?***

Information can be found by calling 804-225-3375 or located at [http://www.doe.virginia.gov/school\\_finance/neighborhood\\_assistance\\_act/](http://www.doe.virginia.gov/school_finance/neighborhood_assistance_act/)

***What if I have additional questions or need clarification?***

You may review the Donor Fact Sheet under the Guidance and Procedures tab for more program details, or you can contact us by email at [nap@dss.virginia.gov](mailto:nap@dss.virginia.gov).